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May 7, 2003

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth St., S.W.
Washington, D.C. 20554

**Re: Petition of the Palau National Communications Corp.,
CC Docket No. 96-45**

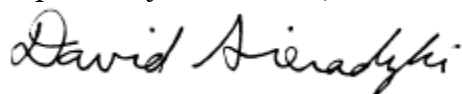
Dear Ms. Dortch:

I am submitting this letter on behalf of the Palau National Communications Corp. ("PNCC") to transmit the attached letter from Assistant Secretary of State James A. Kelly to Chairman Powell, sent about a month ago. The letter provides further insight into the unique relationship between the U.S. and Palau, and the important foreign policy considerations that the State Department asks the FCC to bear in mind as it reviews the PNCC petition. The letter also reiterates the State Department's support for the relief requested in the petition as a means to secure the United States' national interests.

Assistant Secretary Kelly's letter also memorializes the strong support for the petition expressed by Admiral Thomas B. Fargo, commander in chief of the U.S. Pacific Command, on behalf of the U.S. Department of Defense.

Time is of the essence, and we are hopeful that we can bring this matter to a successful resolution as expeditiously as possible. As always, please feel free to contact me if you have any questions.

Respectfully submitted,



David L. Sieradzki
Counsel for the Palau National
Communications Corp.

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Marlene H. Dortch

May 7, 2003

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Enclosure

cc: Bryan Tramont
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United States Department of State

*Assistant Secretary of State
for East Asian and Pacific Affairs*

Washington, D.C. 20520

APR - 8 2003

The Honorable Michael Powell
Chairman
Federal Communications Commission
236 Massachusetts Avenue
Washington, DC 20002

Dear ^{Mike}~~Chairman Powell~~:

President Tommy Remengesau of Palau called on me recently to discuss the status of Palau National Communications Corporation's (PNCC) petition to the FCC for inclusion within the National Exchange Carriers Association (NECA). I know that he met with you as well to discuss the issue.

My letter to you of September 20, 2002 outlined the reasons why the State Department supported Palau's petition as a means of securing our economic and strategic interests in Palau. I also reiterated that the Department takes no position on the legal issues associated with the Federal Communications Act of 1934 and the jurisdiction that act may provide the FCC over telecommunications services in Palau.

Clearly, for President Remengesau, NECA membership is the most important issue affecting our bilateral relationship at this time. I continue to look for ways to support Palau's request and would like to cite some of the foreign policy considerations I hope you and the other Commissioners will take into account as you review the issue:

--Palau has been extremely supportive of our war on terrorism. After September 11, President Remengesau offered the United States unconditional use of Palau's "seaports, airports and associated land and facilities" for activities related to the war against terrorism. Palau has ordered its banks to track possible money-laundering activities of the terrorist entities identified by the United States and

has ratified all of the relevant 12 United Nations anti-terrorism conventions.

--Palau has provided unconditional support for the war with Iraq and has steadfastly lined up with those countries that have strongly spoken out on the coalition's behalf. Palauan citizens in the U.S. armed forces are deployed to the Iraqi theater including relatives of the President and the Palauan Ambassador to Washington.

--At our request, Palau signed an article 98 agreement with the United States to protect persons from surrender to the International Criminal Court. Palau is one of 26 countries to have signed the agreement.

--At our urging, Palau recently became signatory to Biological and Chemical Weapons Treaties. This was a singular gesture of support for the U.S. position on CBW given that Palau's constitution specifically forbids these weapons and this action further demonstrates the special nature of our relationship.

--The United States is responsible for Palau's defense. Palau provides training cites and support services for visiting Navy and Marine aircraft, supports visits of U.S. Navy ships and over the years has proven to be a strong advocate of U.S. military efforts worldwide. Our military relationship is an important one for both countries. A few months ago after meeting with President Remengesau, Admiral Fargo, commander of the U.S Pacific Command, expressed his strong support for Palau's NECA membership. He reiterated that an improved telecommunications environment in Palau was in the interests of the United States and specifically his command.

I hope this provides some further insight into the unique relationship this country has with Palau and the other Freely Associated States. I know that you have been working closely with Ambassador David Gross on this issue. By this letter, I wanted to reiterate the fact that the Department of State believes that Palau's inclusion

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within NECA is in our national interests and is a recognition of Palau's almost universal support for the United States and our policies.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jim Kelly".

James A. Kelly